



Medicare Electronic Health Record Incentive Payments for Eligible Professionals

The American Recovery and Reinvestment Act (Recovery Act) of 2009 provides for incentive payments for Medicare eligible professionals (EPs) who are meaningful users of certified electronic health record (EHR) technology. Section 1848(o)(5)(C) as added by the Recovery Act section 4101 defines the term eligible professional to mean a physician as defined in section 1861(r), which includes the following five types of professionals: doctor of medicine or osteopathy, a doctor of oral surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor. These professionals are eligible for incentive payments for the “meaningful use” of certified EHR technology, if all program requirements are met. Hospital-based EPs are not eligible to participate in the EHR incentive program.

Note: The definition of a hospital-based EP will be included in the final regulation CMS will issue later this year.

EPs may not receive EHR incentive payments from both the Medicare and Medicaid programs in the same year. In the event an EP qualifies for EHR incentive payments from both the Medicare and Medicaid programs, the EP must elect to receive payments from only one program. **Note: Details about program election will be provided in the final regulation CMS will issue later this year.**

In addition, if an EP elects to receive an EHR incentive payment through the Medicare Program, the EP is not eligible to receive an incentive payment through the Electronic Prescribing (eRx) incentive program. On the contrary, EPs who receive an EHR payment through the Medicaid Program are eligible to also receive an incentive payment through the eRx incentive program provided they meet all the requirements of the eRx program.

Fee-for-Service (FFS) Medicare Incentive Payment

Incentive Payment – Calculation

Under FFS Medicare, the payment incentive amount, subject to an annual limit, is equal to 75 percent of an EP's Medicare physician fee schedule allowed charges submitted not later than two months after the end of the calendar year (CY). This means that, for 2011, the EHR incentive payment for an EP would be, subject to an annual limit, equal to 75 percent of the EP's Medicare physician fee schedule allowed charges for CY 2011, based on claims for services performed by the EP from January 1, 2011 through December 31, 2011, and submitted to the EP's Medicare contractor (MAC/carrier) no later than February 29, 2012. **Note: CMS will issue further guidance about how and when payments will be made.**

Incentive Payment – Timeframe

EPs can begin receiving incentive payments in any CY from 2011 to 2014. EPs may receive incentive payments for up to five years, depending on the year in which the EP first becomes a meaningful user of certified EHR technology. For example, if an EP successfully demonstrates meaningful use and receives a Medicare EHR incentive payment in the first or second year of the incentive program (2011 or 2012); the EP may qualify to receive payments for the full five years.



Medicare EPs that first successfully demonstrate meaningful use for 2013 can only receive incentive payments for four years and will receive less than the maximum possible incentive payment. Accordingly EPs who start participating in 2014 can only receive incentive payments for three years and will also receive less than the maximum incentive payment possible. An EP who first successfully demonstrates meaningful use of certified EHR technology for 2015 will not qualify for any Medicare EHR incentive payments. In addition, starting in 2015, an EP who does not successfully demonstrate meaningful use of certified EHR technology will be subject to reduced physician fee schedule payments.

Incentive Program – Payment Amounts

EPs who successfully demonstrate meaningful use of certified EHR technology during the relevant EHR reporting period may be eligible for an incentive payment amount, subject to an annual limit, equal to 75 percent of the EPs Medicare allowed charges submitted not later than two months after the end of the calendar year. Table 1 illustrates the maximum incentive payments an EP can receive by year and the total incentive payments possible if an EP successfully demonstrates meaningful use and qualifies for an incentive payment each year. As shown, the total amount of the incentive payment an EP can receive is dependent in part on the year in which the EP successfully demonstrates meaningful use.

Table 1: Maximum incentive payments by calendar year

Calendar Year (CY)	<i>Incentive Payments Based on the First CY an EP participates in the program</i>			
	2011	2012	2013	2014
2011	\$18,000			
2012	\$12,000	\$18,000		
2013	\$8,000	\$12,000	\$15,000	
2014	\$4,000	\$8,000	\$12,000	\$12,000
2015	\$2,000	\$4,000	\$8,000	\$8,000
2016		\$2,000	\$4,000	\$4,000
Total	\$44,000	\$44,000	\$39,000	\$24,000

Health Professional Shortage Area

Section 1848(o)(1)(B)(iv) of the Act provides that the amount of the annual EHR incentive payment limit for each payment year be increased by 10 percent for EPs who predominantly furnish services in an area that is designated by the Secretary (under section 332(a)(1)(A) of the PHS Act) as a geographic health professional shortage area (HPSA). HPSAs are located in every State, and in both rural and urban areas. EPs who predominantly furnish services in a HPSA that do not accrue the maximum allowed charges will be paid according to the statutory formula at 75 percent of the allowed charges.

Table 2 shows the maximum incentive payments for EPs who qualify for the higher HPSA limit. *Note: The requirements to be eligible for a HPSA related increase will be addressed in the final regulation CMS will issue later in the year.*

Table 2: Maximum incentive payments by calendar year for an EP who qualifies for a HPSA bonus payment

Calendar Year (CY)	Maximum Incentive Payments Based on the First CY the EP participates in the program			
	2011	2012	2013	2014
2011	19,800			
2012	13,200	19,800		
2013	8,800	13,200	16,500	
2014	4,400	8,800	13,200	13,200
2015	2,200	4,400	8,800	8,800
2016		2,200	4,400	4,400
Total	\$48,400 (\$4,400 increase)	\$48,400 (\$4,400 increase)	\$42,900 (\$3,900 increase)	\$26,400 (\$2,400 increase)

Payment Adjustments Beginning in 2015

If an EP does not successfully demonstrate meaningful use of certified EHR technology, the EP's Medicare physician fee schedule amount for covered professional services will be adjusted by the applicable payment adjustment specified in the Recovery Act beginning in 2015. The payment adjustments will be as follows:

- ◆ 2015 — 99 percent of Medicare physician fee schedule covered amount
- ◆ 2016 — 98 percent of Medicare physician fee schedule covered amount
- ◆ 2017 and each subsequent year — 97 percent of Medicare physician fee schedule covered amount

If it is determined that for 2018 and subsequent years that less than 75 percent of EPs are meaningful users then the payment adjustment will change by one percentage point each year until the payment adjustment reaches 95 percent.

The Recovery Act allows for a hardship exemption, which, if applicable, could exempt certain EPs from the payment adjustment. The exemption is subject to annual renewal, but in no case will a hardship exemption be given for more than five years. *Note:* More information on payment adjustments and the requirements to qualify for a hardship exemption will be provided in future rulemaking prior to the 2015 effective date.

Medicare Advantage (MA) Incentive Payments

Section 1853(l)(1) of the Act, as added by the Recovery Act, also provides for incentive payments to qualifying MA organizations (MAOs) for their affiliated EPs who are



meaningful users of certified EHR technology. Specifically, an MA EP as defined by section 1853(l)(2) of the Act, as added by the Recovery Act must either:

- ◆ Furnish, on average, at least 20 hours/week of patient-care services and be employed by the qualifying MAO
- or
- ◆ Be employed by, or be a partner of, an entity that through contract with the qualifying MAO furnishes at least 80 percent of the entity's Medicare patient care services to enrollees of the qualifying MAO

If an MA EP meets these guidelines and the MAO can attest that the MA EP is a meaningful user of certified EHR technology, the MAO can receive an incentive payment in accordance with Table 3. Similar to the Medicare FFS incentive program, MAOs are not eligible for incentive payments for hospital-based EPs.

Table 3: Maximum MA EP incentive payments by year

Calendar Year (CY)	Incentive Payments Based on the First CY the MAO Receives an Incentive Payment			
	2011	2012	2013	2014
2011	\$18,000			
2012	\$12,000	\$18,000		
2013	\$8,000	\$12,000	\$15,000	
2014	\$4,000	\$8,000	\$12,000	\$12,000
2015	\$2,000	\$4,000	\$8,000	\$8,000
2016		\$2,000	\$4,000	\$4,000
Total	\$44,000	\$44,000	\$39,000	\$24,000

Section 1853(l)(3)(B) of the Act, as added by the Recovery Act, specifically states that duplicate payments may not be made for EPs eligible for both the FFS incentive payment and the MA incentive payment. Section 1853(l)(3)(B)(i) says that if an EP is eligible to receive an incentive payment from both the Medicare FFS and MA programs, the Medicare FFS payment will be made first—but only if it is for the maximum amount due for that payment year. Therefore, before a payment can be made to a qualifying MAO for an EP, CMS will determine if that EP has already been paid the maximum for that year through the Medicare FFS program. If the EP received the maximum incentive payment available for that payment year from the Medicare FFS program, then the MAO would not be eligible to receive an MA incentive payment for that EP for that payment year.

If, however, the EP did not receive the maximum possible incentive payment possible for the payment year, then the MAO will receive the incentive payment solely through the MA incentive program. Payment solely under the MA program for EPs who qualify for incentive payments under both FFS and MA, but who did not earn the maximum bonus under FFS, is required by section 1853(l)(3)(B)(ii) of the Act. *Note: Details on how and when payments will be made will be provided in the final regulation CMS will issue later this year.*

Additional Resources

For more information on the EHR incentive program, see <http://www.cms.gov/EHRIncentivePrograms> on the CMS website.

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